p 132

App. F. IX-4

*Previous References*

Dft 2025-730-31/24

1934.

( 9 F. )

**File No.** 53:24.

**Serial Nos.** 9, 10, 15, 19, 30, 31, 38, 40,

*Later References*

# General and Revenue Secretariat.

*Serial Nos.*

**Part B for**

SUBJECT

Relief from Double Income tax in respect of Dividends & Incomes from Professions & Vocations.

Revenue Secretariat | FT File No. 53 of 1924

Serial No

Extract from the note on the informa conversations held at the Residency on 14.8.1925.

9. Extension of the present agreement so as to include dividents and income derived from professions and vocations.

With regard to dividends it was agreed that income from dividends arising in British India and received in Mysore should only pay tax in British India and vice versa, the Government in whose jurisdiction the dividends would be included in total income under this arrangement should give any refund to which the assessee is entitled under section 48 (1) of the Indian Income-tax Act and Section 48 (1) of the Mysore Regulation.

10. It was also agreed that the principle of section 10 (4) of the Mysore Regulation and of the agreement embodied in --- Finance Department's letter No.2134 dated 14th June 1924 should be extended to professions and vocations.

NOTE:- The Mysore Commissioner agreed to the proposal in paragraph 9 and 10 as a general principle, subject however to details and results being worked out satisfactorily in a few hypothetical cases.

General and Revenue Secretariat | JT File No. 35 of 1924

Serial No 9

From

The Commr of Income Tax

no. C 7378 10.11.25-

Furnishes his opinion in ~~respect~~ regard to the extension of the present reciprocal arrangement with the Govt. of India to dividends & income from profession & vocations.

Subd. In the concluding para of the communication the Commr states that the best method of testing the workability of the proposed Extension is to apply it to a few cases & if the Govt. agrees, he will ask the Dy. Commr to work out a few cases.

This means that the question has not been fully threshed out by the Com & the report Subd. It is understood that he would go on a long tour very soon; may he be asked to work out the cases & report immediately? Draft Subd. for approval or other orders.

WW 13/11.

A [The Commr in fact at the Residency Conference has stated that details should be worked out in a few cases.]

Although the Commr stated he would work a few hypothetical cases he has not done so & he has again stated in para 5 that "Govt agrees <<x he will again request the Spe Dc to work out a few cases". It is over 2

Serial No

since nemechi's work place. ~~stand~~

X However. ~~the~~ before next's further on this question a few cases may be worked out as suggested by the S.T.C. To avoid delay a copy of the D.O. put up may be sent to the D.C. of Income Tax for immediate action as the S.T.C. may be on tour

13/11

Revised) "The Residency have replied to our letter of 14.25. This may be put up and noted on -

14.11.25.

10 From The Secy to the Hon'ble the Resident no. 9233 & 11.11.25-

Furnishes the opinion of the Govt. of India in the matter of relief from double income-tax in respect of dividends incomes from properties and assets.

Subd. The Govt. of India have accepted the suggestion made by the Mysore Govt. in their letter no. Pol 835/S.T 23-24-4 & 1.4.24. that the dividends accruing in British India & received in Mysore & accruing in Mysore & received in British India are subjected to tax only in British India & Mysore respectively and in their ~~return~~ turn suggest that the Govt. in whose jurisdiction the dividends will be taxed should give refund to the Share-holders entitled to the

N

Serial No

same. This is all right so far as it goes, but the Suggestion has one drawback viz the procedure to be followed in cases of refunds of dividends due to companies doing business both in British India & Mysore viz The Spinning & Manufacturing Company, Bangalore worked by Messrs Simon Sons, The Shahpur Weaving Company, The Bangalore Bank, which are paying tax both in British India & Mysore has not been clearly indicated.

a There is a difference in the wordings of the Residency letter now received & the note of the informal conversations so far as the point of refund is concerned.

a This is purely Verbal - the meaning is clear to us

B

Reference is however invited to the instructions issued to the Commr in this office letter no. H 4836/8-T 14-24-28 25.2.25 in such cases -

C 1 As regards the income from profession & vocations, the Govt. of India propose the extension of the present reciprocal arrangement in respect of business between Mysore & the Govt. of India. This may perhaps be accepted

Yes - but see paras 12 & 13 below

C The Commr has incidentally raised the question of relief from double taxation in respect of property also. He suggests that such income may be subjected to tax only at the place of accrual as in the case of dividends -

Y Subd. for orders with a copy of the printed collection (S.T 1-19) relating to the reciprocal arrangements now in force

KW 17/11.

Serial No

The proposals of the Govt of India may be accepted. I may however add that with regard to dividends the Mysore Govt will lose under the proposed arrangement as there are very few companies in Mysore with foreign Capital, while numbers of Mysore citizens hold investments in foreign (Br. Indian) companies.

II The same arrangement as exists for business is proposed to be extended to Professions & Vocations.

IV The definition of total income under Secn 16(1) does not extend to professions & vocations. The result will be that when any foreigner earns any income in Mys by the exercise of his profession or vocation & at the same time has other income in Br. India we will not be able to levy at the higher rate taxable from him while the Govt of India will have the full benefit since they tax him on his entire income ~~too~~ and refund us the Mysore Tax paid which would be at a low rate & not at the rate at which the party may be taxed.

We may therefore place this aspect before the Govt of India and extend the definition of Total income either by agreement or by altering the law so as to include income ~~from~~ Professions Vocations in British India.

Note—Contn. Sheet

General and Revenue Secretariat

GT File No. 53 of 1924

Serial No 14

Two other points require orders.
Viz the one raised in the Secretariat note above as to which Government is to grant refunds in the case of companies doing ~~in Mysp~~ business in Br. India & in Mysore. This is a very knotty point & I am afraid no hard & fast rule can be framed. As already stated if we agree to refund in the case of Mysore residents we stand to lose. Each case could best be decided perhaps on its own merits.

The other question is the one raised by the Comm re. the coming to some agreement for affording relief from double taxation in the case of income from property. The question has not been raised by the Res till now & we may take this up in connn with the Sivasamudram Jagheer case now before Govt

I think so too. may be taken up separately. L

B
19/11

Rev Secy

16 The reciprocity arrangements proposed in Residency letter P.U.D II are in respect of gr relief from double taxation on (1) income from dividends and (2) Professional earnings, and rel to British India and Mysore. The question of Station has to be dealt with separately.

17 As regards (1) income from dividends the posals of the Govt. of India which agree with views of the Mysore Govt. already communicat-

Serial No.

are in accordance with the understanding arrived at, at the Residency conference may be accepted. The Commissioner is also agreeable. P.W.D. I.

18 As pointed out in the Assistant Secretary's note we may stand to lose some portion of the revenue under the reciprocity arrangement, but that cannot be helped if the hardship caused to assessees has to be remedied.

19 The Commissioner has stated that the income taxed by ~~our~~ one Govt., & declared free of tax in another jurisdiction should however be included in the total income of an ~~assessor~~ assessee in the matter of determining his liability to tax in the latter. ~~This~~ has to be made clear in our reply to the Residency.

20 The extension of the reciprocity arrangement to professional earnings requires some detailed consideration.

21 The Govt. of India desire that the same arrangement as is adopted in respect of business profits may be extended to this class of cases also.

22 The effect of the reciprocity arrangement in respect of exempting business profits from double taxation, on the I.T. ~~xxx~~ revenues of Mysore and British India has been discussed in the printed collection - and it is not necessary to enter into the subject in detail here.

23 As against the advantage to the G.D. in their having a higher rate of tax, the definition of total income in Section 16 (1) of the Mysore Regulation in including profits ~~against~~ accruing in British India affords some compensation to Mysore.

24 Under Section 18 (3) of the Mysore Regulation Professional fees paid outside Mysore to a person resident in Mysore is

Serial No

chargeable to tax but is doubtful if under the law as it stands professional earnings in Briti India of any Assessee who practises any profess or vocation in both places can be included in total income. If it can be done the arrangemen would be distinctly disadvantageous to us. The L.L. Secretary may advise on this point. It ma be perhaps desirable to await the decision of t Chief Court in respect of the interpretation of 'total income' in the cases now before that tribu before coming to any decision on this part of t Government of India proposals.

3) The other questions dealt with in the Commissioner's letter No may be taken up separately - K.
Rev. Secy.
21/11

L.L. Secretary
with compliments
(Vide Member's note)

2 - DEC. 1925

I agree with the Revenue Member's opinion at (1) Accepts as proposed by the member may be gi

Revenue Member with Comp[ts]

2nd member (1) I agree. Please attend to 3 points (2)

4/12/25. A/S. Finance

(1) Sirkar. with a draft
(2) Action is being separately taken.

30 Offg for appt

(1) Draft sent to Finance with letter dated 8/12/25
(2) Reptg

NOTE.—Contn. Sheet

Serial No 3

5444
12.12.

Subd. with a typed copy of the draft.

This may be Subd. to the L.D. Secy for initialling ~~approval of~~ the draft (Vide member's orders supra).

W 10/12

2nd member Mrs d.d. Secy 84

B 10/12

I have initialled the draft

D 11.12

cy 14/12

DEWAN'S OFFICE. Regd. 14 DEC. 1925 Rs. ...

be 14/12/25

Dewan)

h 14/12

Secy 35 Three drafts read issue & file, submit keep recorded by me.

B

5529
15/12

15.12 h

2nd member 386 Drafting issue

15/12

be 16/12/25 h

Gen Bill 16.12.25

15 To.

The Secy to the Hon'ble the Resident no. POL 4988 of 18.12.25

Informs that the Mysore Govt are agreeable to the proposals in so far as they relate to the income from dividends with the proviso that the income taxed in one jurisdiction & declared free in another may be included in the latter for computing the total income of the assessees for purposes of determining the liability to or rate of tax.

Note—Contn. Sheet

(D)

[App. F. III—2

General and Revenue Secretariat

GT File No. 53 of 1926

Serial No

19 From

The Secy to the Hon'ble the Resident
No. 279 S 11.1.26

Requests that the privilege to include the income from dividends for computing the total income of the assessees for determining the liability to a rate of tax may be explained with particular reference to the decision of the Full Bench on the interpretation of "total income.

37 Subd with a copy ✕ of the Full Bench decision.

WW
15/1/26 38 (a) Please put up a copy of the decisions of Mr D. K. Ramarao & Mr C.S. Doraiswami Iyer.

39 The decisions do not affect the present interpretation of 'Total Income' as regards Income Tax.

40 (b) Please put up also copy ✕ of the reference

41 (c) In another file the member has minuted re- this decision — Please extract that portion and link that file also so that the matter may be settled once for all

B
18/1

42 (a) Subd. with a copy of the decision of the divisional Bench - (Flag H)

43 (b) The file is not readily available & the copy of the reference will be put up after the receipt of the main file -

The file containing the reference is in CB will be put up after receipt
19

Serial No

44 Copy of
(c) ~~The~~ member's minute of 15.1.26 referred to is put up. (7.1.)

WW
23/1

Resubmitted as ordered ~~not~~ in separate slip in file of Secs.

B
30/1

45 The case before the Chief Court was only with regard to the definition of 'Total income for purposes of 'Super Tax' particularly with reference to Companies doing business both in 'British India' and in Mysore when such income is not received within ? State or is not deemed to accrue or arise or to be received therein'

46 There is no trouble at all with regard to the receipts from dividends which is the case in point as these are ~~not~~ 'received' within the State & are therefore prima facie' taxable by the State

47 The agreement now come to is only to prevent double taxation since the income is 'received' in Mysore & so is taxable by the Mysore Govt and arises' in Br India & so is taxable by them.

48 The agreement is simple viz that the dividends be taxed only by the Govt where it 'arises' & not by the Govt where the person who receives resides

our 'Corollary' referred to by the Residency is that although dividends from Companies with H.Q. Quarters in

Note—Contn. Sheet

Now delay was due to my having to study the papers concerning before noting

B
28/2

Case of dividends received by Shareholders Mysore from Companies having Head Quarters in British India & vice versa

Serial No.

British India, received by persons resident in Mysore is by ~~the~~ 'mutual agreement' exempted from being taxed in Mysore also having been taxed at Source, such receipts should be taken in the 'Total income' of the person for determining the rate of Tax & this is in accordance with Sec. 16 (1).

49 The Residency will if approved be informed accordingly

Bn
24/2

(Rowley) 50 Apparently the Resy refers to the double exemption in Mr. Mennis proposal in the F.B. decision.

E

'If in order to ascertain the 'total income' the effect of 16 (1) is to reconcile both income together is to consideration, and I am not ~~[illegible]~~ also able held to agree that total is the proper interpretation of legal effect.'

51 The decision in Mal-can has no bearing on the points under consideration as pointed out by the A/S.

52 Under Section 4° of the Ref. Dividends on shares in companies in Br India receive

Serial No

in Mysore are taxable and are being taxed in practice in Mysore in cases irrespective of the facts of such items having been included to tax in Mr India.

53 The effect of the reciprocity arrangements would only amount to exclude the exemption specified in Section 14 - cl.(2) of the M. I. Rly in such cases, and all such exempted items may be included in 'total income' under Section 16 (1).

7464/25/2

54 A draft will, if approved, be put up in reply to the Resy letter in consultation with the L. L. Secy.

2nd member) 55 Yes

Lee 26/2

L 24/2/26 Br

a/s Fin. Immediate

L 26/2.

56 Draft Subd

KW 1/3

CLB 1.3.26

Rev: Sec:)

57 To L. L. Secy with compliments for favour of suggestions - Vide Para 54.

L 2/3

CLB 2.3.26

58 Section 14 S. 5(2) applies to cases where an income-tax is levied by Mysore Govt on the profits of a Company & not to cases where an income-tax is levied by British or other Govts.

59 The reason of exemption is therefore obvious for when once the Govt levies an

NOTE—Contn. Sheet

Serial No.

Tax on the profits of a company, the shareholders of that Co should not be taxed on their dividends.

6a In the present case, the Income-tax is levied by Br Govt on profits earned or accrued in Br India & the Mysore is entitled by law to levy income tax on dividends received in Mysore under Sec 4.

6b The proposed agreement is to waive such a right to save persons from double taxation

6c This concession should not extend to waiving of our right to include the sum in computing total income under (S. S 1 & 5 of Sec 2.) Section 2, I. T. Act

6d Hence the draft is to be altered

Submitted for consideration.

2nd Asst Rev Sec'y with compts

8/3

8/3

9/3

7814/10.3.

2nd Asst) 6e Pleas see addn made. If all seems apes to this a pleas submit to Dewan before issue

11/3/26

Dy Sec'y) with compliments

FINANCIAL SECRETARIAT 9 MAR. 1926

NOTE—Contn. Sheet

Serial No.

65 I see no objection to the addition made in the draft.

Revised with compts

Dewan 16 Sec. 17 4.67 Issue today 17/3

DEWAN'S OFFICE. RECD. ON 11. MAR. 1926 6660

To.

30 The Secy to the Hon'ble the Resident no. Pol 764 B 13.3.26. 12.3.26

States that the concession should not extend to waiving our right to include the same in the "total income" for ascertaining the assessability of an individual to taxation or determining the rate of tax u/s 68 Sub-d. Action has now to be taken in respect of extending the reciprocal arrangement to professions & vocations - (Vide para 10 of the note on the informal conversation — page 1 of the file).

Para 3 of Paper under Append II

6) The Govt. of India suggest the adoption of the same arrangements as in the case of businesses to income from professions & vocations. The question has been discussed fully in pages 4 - 8.

7) The Comm'r of Income Tax has in this connection suggested reciprocal arrangements in the case of incomes from other sources also -

Paper under Append I

VN 16/3 B 17/3

Revsy 71 I think it will facilitate disposal if a brief connected note —

NOTE—Contn. Sheet

Serial No.

summarising the discussion which took the opinion of the Council be put up. This may be kindly attended to

k
18/3

Please extract relevant portions of the notes

B

Subd. with a note (vide next page)

A

KW
19/3

Please type note placed below

Serial No. 74

One of the subjects discussed at the informal co
versations at the Residency held on the 14th August
1925 relates to the "extension of the present agree
ment so as to include dividends and income derived
from professions and vocations"

75 With respect to reciprocal arrangements re.
dividends, there was already some correspondence wi
the Residency on an application from Mr. Reed and in
their letter No. 9233, dated 11th November 1925, the
Residency suggested certain arrangements which the
Government have accepted.

R

Paper under discussion

76 In this letter also the Residency suggested t
adoption of an arrangement in respect of incomes
from professions and vocations so as to afford
relief from double taxation. The relevant extrac
from their letter referred to above runs as follow

" The Government of India consider that it
would be reasonable to extend the arrangements for
relief from double taxation in such cases, and I a
to enquire whether the Government of Mysore agree
The arrangement in regard to these cases would be
that where the headquarters of a person exercisin
a profession or vocation are within Mysore and he
also exercises his profession, etc., in British
India, the Mysore Tax would be levied on the Mysore
profits and the British Indian Tax on the British
Indian Profits; while if the headquarters were in
British India and the profession, etc., was also
carried on in Mysore, the Mysore Tax would be levi
on the Mysore Profits, the British Indian Tax on t

Serial No.

British Indian Profits, and the British Indian Tax minus the Mysore tax, on Mysore profits brought into British India. This is the arrangement at present in force in regard to relief from double taxation in respect of business profits."

Papers under Append. I B

77 The Commissioner of Income Tax whose opinion was called for in the matter has opined that incom under 'property', 'professional earnings' and 'oth sources' liable to double taxation both in Mysore a British India may be subjected to tax only at the place of accrual irrespective of the place of rece though such income may be taken for computing the total income in both the places; As regards incom from professional earnings; the principle of Sect 10 (4) of the Income Tax Regulation may further extended. This is virtually the same as suggeste by the Residency.

78 The question has been discussed in paras 7, 12 and 24. The whole point is that while reciprocity arrangements similar to those re. business may be agreed to it should be made clear that income accru in British India will be taken into account in calc lating the rate of and liability to tax. This pos tion should be made clear to the Residency especial as the Residency in another connection have raised the question of interpretation of the expression 'total income' with reference to the 'Obiter Dic of the Chief Justice in the Super Tax case, (vide placed below)

A

79 Whether we may not agree to the terms offer

E

Serial No.

by the Residency with regard to Professions and vocations with the reservations noted at 'A' Supra is the point for orders.

§10 The Commissioner has raised the question of relief from double taxation with regard to property and in our letter to the Residency we may mention that we will take up this question separately.

B
26/3

2½ seg

§11 Sec 10 (4) deals with the profits or gains of business only. Profession & vocations may similarly be dealt with.

§12 The reciprocal arrangement suggested by the Residency & concurred in by the Commissioner may be approved.

§13 The position pointed out at (A) above may be made clear

8556
1/4

2 Dr.

31.3
B

§14 Relief from double taxation has to be afforded in respect of "profits or gains of any profession or vocation" also. The proposal contained in para 3 of the Residency letter dated 11th November 1925 may therefore be agreed to and a draft reply put up.

§15 The method of relief is to be on the lines adopted in regard to business for which there is ~~legislative~~ provision in Section 10(4). Whether

Serial No.

amendment of the Regulation is necessary for adopting the same procedure in respect of professional profits or gains is a point that arises for consideration. These profits or gains are assessable under the present law, and Government have the power under Section 60 to allow exemptions and the waiving of the right to tax these profits or gains, in so far as they are made out of Mysore may be considered to be under this Section. For this reason no amendment of the law appears to me to be necessary. This point may however be examined by the Local and Legislative Secretary.

I do not think there is any doubt as to the ~~need for including~~ inclusion in the calculation of total income professional profits or gains exempted from the levy under the proposed reciprocity arrangement for the purpose of deciding the assessibility to tax of any person or the rate at which he has to pay the tax. As however, a doubt on this point was raised by the Residency when a similar question in relation to dividends was discussed, we may say that these profits or gains will be included in the total income.

Mule
9.(4/26

received
5.25 p.m.
18/4/26

B
18/4

Draft Submitted. Kindly refer is also invited to memo. dated

KW
14/4

B
16/4

The profits or gains of any profession

NOTE—Contn. Sheet

Serial No.

or vocation' are liable to be assessed under the Income Tax law in force in Mysore.

90. But the Govt have power under Section 60 to grant an exemption or otherwise modify in respect of any income tax or in regard to the whole or any part of the income.

91. Hence this Section clothes the Govt with power to exempt from the tax payable in respect of the profits under the Regulation, ~~but this income may be~~ ~~the~~ with the modification that the such income shall be taken into account in determining the total income of an assessee for the purpose of the said Regn.

92. A notification in the official Gazette in the form prescribed in respect of the class of income viz' the interest on Govt Securities purchased through the Post office & held in the custody of the Accountant-General Posts & Telegraphs [See I. T. manual pp 73-7 & Borrowing Regulation I. T. Manual p. 117], may be issued under Sec 60 to make the position clear.

93. In this view no amendment of the law seems called for.

Draft.

94. Draft Notification 20/4

Dewan 23.4.26

95. 23.4.

96. Done

9081/24/4

NOTE—Contn. Sheet

JAN. C. 1926
24 APR. 1926
Reg. No. 7810

WD 01264—GPB—40,000—17-12

(22)

General and Revenue Secretariat

App. F. III—2]

97 File No. 53-2910 of 192 4

Serial No. 35

To.

The Secy to the Hon'ble the Resident
Pol no. 1019 & 29.4.26

States that the Mysore Govt. are agreeable to the proposals of the Govt. of India in the matter & that according to the provisions of the I.T. Rules, the income accruing in British India will be taken into account for computing the total income of assessees for purposes of determining the liability to & rate of tax in Mysore.

97.

Subd. with a reminder to the Residency, as no reply has yet been received.

WW 4/12 4/12/26

B 6/12

98 2.d.Secy 2nd Memo.

8/12 6/12

99 8/12/26

9.12

All communications to the Residency may in future be submitted through the Secl.

8/12

Issued no. Pol 523 & 10.12.26

Govt B 11/12/26

From The Secy to the Hon'ble the Resident
no. 307 & 10.1.27

States that a communication from the Govt. of India on the subject is awaited & a reply will be sent as soon as possible.

100

Subd. for information.

WW 11/1/27

101 For perusal & 10/1

2nd Memo

102 Memo 14.1.27

15/1

Govt B

NOTE—Contn. Sheet

OFFICE OF THE SECOND MEMBER OF COUNCIL
7 DEC. 1926
No. 3865

OFFICE OF THE MEMBER OF COUNCIL
1 JAN. 1927
No. 4780

FINANCIAL SECRETARY
3 MAR
No.....

Serial No.

26 From

The Secy to the Hon'ble the Resident
no. 1945/43-1917 & 28.2.27

Communicates the views of the Govt. of India to the effect that the question may be dropped -

103 Subd. This question may be ~~dodge~~ taken up ~~about the~~ along with the interpretation of the expression "total income" in Section 16(1) of the I.T. Reg^n which will be taken up after further particulars called for from the Comm^r are received

WW 7.3.27

The Residency communication has been seen by the 2nd member

Yes - Submit

104 Yes - Please put up that file - The question of withdrawing from the position taken up with re- to total income is being considered in that file

Subd 10/3

105 Vide I.T file 11-26 linked to this -

WW 11/3

106 The communication from the Residency with regard to the extension of relief from double income tax in respect of dividends and incomes from professions and vocations is resubmitted for perusal.

107 It may be pointed out in this connection that the attitude of the Government of India with regard to this question seems to have been obsesse by the feeling that we have thwarted them in not agreeing to withdraw from the position we have taken up with regard to the interpretation of "tot income" as per section 16(1) of our Regulation.

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

File No. 55 of 1924.

Serial No.

108 It may however be pointed out that the attitude of the Government of India with respect to dividends is indefensible. Because even without reference to our interpretation of the expression "total income" as per our section 16(1) dividends accruing in British India received in Mysore, are chargeable to tax under section 4(1) and are certainly to be included in total income in any case.

109 Whether we really profit very much by clinging to the definition of total income and thus wounding the susceptabilities of the Government of India is separately under consideration in the linked file in which the Second Member has stated that "the amount of the present and prospective increased revenue due to the special provision made in Section 16(1) is a material factor in deciding our final attitude towards the repeated requests of the Government of India and the Residency to bring our definition of "total income" into line with that in the British Indian Law. It is, therefore, necessary to get full information on this point before we can deal with the general question further."

110 Whether we should not write to the Residency to the effect that this question may be considered independently without reference to our attitude regarding "total income" is for orders. It may also be pointed out that by not having such an arrangement for relief from double taxation, the Indian tax payer has to pay twice and therefore, the additional liability which the Government of India wants to prevent to the British Indian Tax payer is not relieved at all, unless the reference in the Residency

Serial No.

letter is to the general tax payer who has t... the cost of refunds. But this is stretching the argument a little too far since the refunds to be borne by them ~~is~~ are Genl Tax payer so small that its burden will be an infinitesimal quantity.

9739
4726 23/3

FINANCIAL SECRETARIAT
21. MAR. 1927

7188) 1st member Hon Law Mr

By 19/3

h 19/3/27

111 ... 21-3

112 Govt, as such, does not suffer by the levy of Double income tax on dividends; & Impon Securities will to some extent become more attractive to Investors.

113 By Simile as the definition of Total income that we have discussed, we lose Considerably from foreign traders; & incidentally, to some extent, help trade of Impon people.

114 It is however desirable not to wound Govt of India, if possible.

115 The probable loss can easily be worked out Confdly in I. T. Comrs Office; & also when we ascertain if Mr Tottenham gives up his present position re. income tax on Broad Gauge Railways etc. If the plea & figures does not appreciably hit us, repudiation on the basis could be granted again; & Govt. I. Imprs agree. The figures also be got promptly.

(N.B. treating total income as income earned etc in Imperial)

FINANCIAL SECRETARIAT
26. MAR. 1927

4971
25-3-27
4.45 P.M.

25/3 Draft at once to S.F.C

NOTE—Contn. Sheet

Serial No.

117 Draft Subd inviting attention of the Com
Bg 26/3 to the communication already mad
to him in the matter.
W 28/3

118 Draft may Issue
Bg 28/3

We have made a refe
already to it
attn. also to the
linked off-sht but to be
file) marked to put up as made
Bg 28/3

The points
raised by the
Member can
be taken up
on receipt
the comments

PROVINCIAL SECRETARIAT
29. MAR. 1927

119 Draft Subd
28/3
Issue
Bg

5070
28/3

Sus 39 To.

The Commr of Income Tax Hl 7674 & 31.3.
Forwards a copy of the Residency
Communication for favour of remarks.

120 Draft reminder Subd
W 1/6.
Issue
Bg
1/6

Issued no. Hl 9094 & 4.6.27

38 From The same offices
no. C 7378 & 29.6.27

States that the proposal was limited
to incomes accruing elsewhere but received
in Mysore & that therefore the Govt. of India need
have no apprehension of any fresh liability
on the British Indian Tax-payer

121 Subd. The two items of income in
respect of which reciprocal arrangement
were proposed to be entered into now
are dividends & incomes from profs—

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

98 File No 53 of 1924.

Serial No.

& vocations.

122 The arrangement in regard to dividends is to be that they need be taxed only by the Govt. where it accrues with the proviso that the income taxed in one jurisdiction & declared free in another may be included in the latter for purposes of determining the liability to & rate of tax.

123 In regard to incomes from professions & vocations, they may be subjected to tax only at the place of accrual & such income ~~abroad~~ may be taken into account for computing the total income.

124 The Govt. of India now say that the question may be dropped as the arrangement would result in an additional liability which must fall on the shoulders of the British Indian tax-payer.

125 The Govt. of India seem to be under a misapprehension. Under the present law the dividends earned are liable to taxation both in Mysore & in British India. By the proposed arrangement relief will be afforded to both parties. To subject a person to tax the income should arise, accrue or be received in Mysore (Section 4) & what is received outside Mysore by a British Indian subject cannot be subjected to tax. The income from dividend but received in Mysore arising out of Mysore will be taken into

NOTE—Contn. Sheet

Serial No.

account for purposes of liability to & rate of tax.

12b Again in respect of Earnings from professions vocations, Section 11(3) of the I.T. Act is clear. Mr. Alladi Krishnaswamy Iyer messrs Fraser & Ross Govinda Raghava Iyer & others are being subjected to Mysore tax on their earnings from professions. The practice is to levy tax on the income they earn in Mysore & not in British India. The question of taking into account the British Indian income arises only in the case of persons residing in Mysore who earn their income from professions & vocations in British India.

Please speak about it BS 6/7

127. May the position be made clear so that the reciprocal arrangements may be effected?

WW 6/7



GPB—65,000—17-6-12.

G.R.S. III—3]

## Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

128

I went thro this file again. ~~I think~~ we need not perhaps pursue this question as this was raised at the instance of the Resy and the proposed arrangement was also not in our favour.

14 Please submit this to Mr Vivaraj urs. for further instructions

12/6

Fd Secy)

3/7/27

1629/28

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

P.T.O

Serial No.

1679

130 These papers relate to the extension of the present reciprocal agreement with the Government of India regarding the relief of double Income Tax, to the cases of (1) Dividend and (2) Income from Profession and Vocation.

131 The question of grant of relief from double Income Tax in respect of Dividends was first raised in the Residency letter of 13th October 1924 at the instance of an assessee, Captain E.T. Reed. In our reply of 1-4-1925 we agreed to have an understanding in regard to the extension of the reciprocity arrangement to Income from Dividends.

132 At the informal conversations held at the Residency on the 14th August 1925 regarding certain Income Tax matters, a provisional agreement was arrived at between the representatives of the Government of India and the Mysore Income Tax Commissioner for the extension of the reciprocity arrangement to (a) Dividends (b) Income derived from Profession and Vocation, subject to certain specified conditions and reservation

III

133 Subsequently an official communication was received on 11-11-1925 from the Residency in which we were informed that the Government of India appreciated this Government's willingness to conclude an arrangement for relief from double Income Tax in respect of Dividends, and accepted the suggestion made by us that the dividends accruing in British India and received in Mysore should be free of tax in Mysore whi

Serial No.

dividends accruing in Mysore and received in British India should be free of tax in British India. A corrolary was added that the Goverment in whose jurisdiction the dividends would be taxed should also give any refund to which the recepient might be entitled under the respective laws in force. This was considered reasonable and accordingly this Government's acceptance was communicated in our letter of 18-12-25. In doing so we added a proviso that the Income taxed in one jurisdiction and declared free in another might be included in the latter for computing the total income of the assessee for purposes of determining the liability to and rate of tax.

H1

134 In reply to the Resident's enquiry about the exact import of this proviso our view was was clearly explained in the letter of 13th March 1926. At present dividends from British Indian Companies accruing to and received by persons in Mysore is taxable under the Mysore Regulation even though such income has been subjected to British Indian Tax in the hands of the Company. The effect of reciprocity arrangement will be to avoid this double levy. But such income when received in Mysore cannot be exempted from the purview of the Income Tax Regulation altogether and should continue to be a part of the total income of an assessee for purposes of determining the liability to and rate of tax in Mysore.

H2

135 Our position is perfectly reasonable. This is analogous to the proposal which the Government

Serial No.

F.R.D.II

of India made in para 3 of the Residency letter of 11-11-1925 to the Mysore profits from professional earnings and vocation brought into British India by assessees having head quarters in British India being assessed to British Tax minus Mysore Tax. There is absolutely no idea of income from dividends accruing in British India but not received in Mysore being taken into account for computing the total income of ~~the~~ an assessee for levy of Mysore tax. It is not only illogical ~~and~~ but illegal also.

136 In the Residency communication under reference, proposals were also made by the Govt of India vide para 3 for the extension of the present agreement relating to double Income Tax in respect of business, to income from profession and vocation.

137 This Government's acceptance to the Govt of India proposals were communicated in our letter of 29-4-1926, in which it was observed that income accruing in British India though exempted from Tax under the ~~arrangement~~ agreement would under the Mysore Regulation be take into account for computing the total income of an assessee for the purpose of determining the liability to and rate of tax.

138 We have been maintaining this view in regard to the assessment of business profits of firms conducting transactions both in Mysore and British India. And if the reciprocal arrangement has to be extended to income from profession and vocation on the analogy of business profits, from which the former are not

Serial No.

often distinguishable, the view communicated in our letter of 9-1-1926 cannot be considered as illogical.

13) The Mysore rates of Income Tax being lower than ~~that~~ more in British India, the Government of India would ~~be~~ benefit ~~more~~ by the levy of the differen between the Government of India and Mysore Taxe in respect of Mysore profits brought into British India. And it is evident that if the Govt. of India accepted our view, the differential rate which helps the British tax payer would get reduced or be wiped out in some cases.

14) There is, ~~continuing~~ no double, an important difference of opinion between this Government and the Government of India existing in regard to the interpretation of the expression of the 'Total income' in section 16(1) of the Regulation.

14') Though the present attitude of the Governmer of India (Vide P.U.D.) in regard to the extension of reciprocity arrangements to professional earnings and income from vocation is easily understandable, there ought to be no hesitation however as regards the arrangement for the grant of relief to assessees from double Tax in respect of dividends.

14²) The adoption of the reciprocity arrangement in this case would not involve any additional liability falling on the shoulders of the British Indian Tax payer, which his confrers in Mysore are not called upon to bear. The reciprocity arrangement would necesessarily result in both the administrations foregoing some

44 (34)

General & Revenue Secretariat. | File No. | of 192

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revenue they are now getting.

143 The question of extension of the existing arrangement for relief from double tax to the items of income under consideration was raised by the Government of India to help assessees in receipt of income assessable in both jurisdictions and in view of the strong views expressed by the Government of India in the letter under disposal it is by no means to our interest to pursue the matter further. The question may be dropped.

2nd member) 10.8.27.

889/1578
GENL. & REV. SECTT.
15 AUG. 1927
FINANCIAL BRANCH.

...OF T... MEMBER OF COUNCIL
... AUG

Note–Contn. Sheet

P.T.O

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144 I do not think it is right to drop the matter. Assessees require relief from double tax and I think we should make another attempt to come to an agreement with the Government of India for affording such relief.

145 Relief from double tax in respect of two classes of incomes are considered in this file: viz., (1) dividends, and, (2) incomes from professions and vocations.

146 The question of tax on dividends may first be considered. Here ~~xxx~~ what was suggested in the course of the discussion held at the Residency on 14th August 1925 was that incomes from dividends arising in British India and received in Mysore should only pay tax in British India and vice versa, the government in whose ~~jurisdiction~~ returns for purposes of Income-tax the dividends would be included in ~~the~~ "total income" under this ~~x~~ arrangement giving any refund to which an assessee is entitled under Section 48 (1). We have agreed to this arrangement. It is not clear why the Government of India now refuse to act according to this settlement.

147 Their objection is thus stated: "Since acceptance of the proposed agreement, subject ~~to~~ to the proviso which the Government of Mysore wish to insert in relation to incomes derived from dividends and from vocations and professions, would involve an additional liability

NOTE—Contn. sheet

WD 0324—GPB—60,000—24-5-27

Serial No.

liability which must fall on the shoulders of the British Indian tax-payer ——the Governmen of Mysore considers that the definition of "total income" in Section 16 (1) of the Regul tion entails the inclusion of income, if any, accruing from such of the assessee's business as may be carried on in British India even though such income has not been received in t Mysore State — the Government of India regre that they are not prepared, under existing co ditions, to proceed with the proposal". This objection, I think, is the result of a mis-apprehension, at least in so far as the case of dividends is concerned. It is not the in tention of the arrangement contemplated to ta into account dividends not received in Mysore In the case of dividends accruing in British India and received in Mysore, it is open to both the Governments, under their existing law to levy tax upon it; one government basing i claim upon "accrual", and the other upon "re-ceipt" in its jurisdiction. If assessees should be freed from the hardship of the doub levy, the two Governments should come to a re-ciprocal understanding. The procedure we ha suggested is that the Government within whose jurisdiction ~~xxxkxx~~ a dividend "accrues" may take the tax on it and allow the refund if an due to under Section 48 (1), while the Govern

ment

NOTE—Contn. sheet

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General and Revenue Secretariat. I.T. File No. of 192 .

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Government in whose jurisdiction a dividend is "received" may include it in the total income of the assessees concerned but waive its claim to levy the tax in respect of it. There appears to be no objection to the adoption of an arrangement of this kind. The arrangement suggested will be worked uniformly by both Governments, as it is the intention that they should include in the total income for purposes of determining liability to tax and the rate of tax, dividends which are received in their respective jurisdictions but on which the calculation of the tax is waived. The object of the recirporcal arrangement is to afford relief from double tax to assessees but not to enable them to escape liability to tax or to reduce the rate of tax determined with reference to their ability to pay as measured by their "total income". The elimination of dividends from "total incomes" of assessees of any Government in whose jurisdiction they are "received" would confer upon the assessees privileges of exemption from tax or of a reduced rate of tax to which they are not entitled under the law. The reciprocity settlement suggested in regard to dividends does not involve any additional liability falling on the shoulders of the British Indian taxpayer; on the other hand, the inclusion in the

NOTE—Contn. sheet

WD 0324—GPB—60,000—24-5-27

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the "total income" of assessees of the Government in whose jurisdiction dividends are received will minimise refund claims ~~of refund~~ on the Government in whose jurisdiction dividends "accrue" as such inclusion will reduce the number of exemption cases and increase the rates of tax payable.

148 The question of incomes from professions and vocations may now be considered. The proposal to deal with these incomes on the analogy of profits or gains from businesses for which provision is made in Section 10 (4) has made the case complex and it also appears to have caused some misapprehension in the mind of the Government of India. According to Section 10 (4) and (16 (1), "receipt" in Mysore is not a necessary condition for including profits or gains due to transactions in British India in 'total income . I do not think we need insist upon this condition in regard to incomes from professions or vocations. In the case of these ~~xkx~~ incomes also we might suggest the adoption of the principle of reciprocity based on "accrual". The Government in whose jurisdiction an income from the practice of a profession or vocation accrues may take the tax upon it though it may be received in the jurisdiction of the other Government. As in the case of dividends,

both

NOTE—Contn. sheet

General and Revenue Secretariat. I.T. File No. of 192 .

App. F. III—2j

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both Governments are entitled to levy tax upon income from professions and vocations; one Government on the ground that it accrues in its jurisdiction and the other on the ground that it is received in its jurisdiction; and there can be no objection also to the Government in whose jurisdiction it is received to include it in the "total incomes" of assessees for the purpose of determining liability to tax and rate of tax. If the case is dealt with on these lines, there is no need to bring into the consideration of this question the definition of "total income" in Section 16 (1) and the misapprehension of the Government of India that it is our intention to take into account even incomes not "received" in Mysore, will be removed.

149 I shall be obliged if the Financial Secretary will consider the above suggestions and offer his opinion on them.

5/9/27

150 I agree in the views that the objection of the Government of India in regard to the extension of the Reciprocity arrangement in the case of dividends is due to a misapprehension and that the procedure we have suggested does not throw any additional liability on the British Indian taxpayer and that it may be ~~adopted~~ framed for adoption.

151 The definition of "total income" under section 16 (1) of the Mysore Regulation entailing the inclusion

NOTE—Contn. sheet

WD 0324—GPB—60,000—24-5-27

Serial No.

inclusion of income from business carried on in British India even though not received in Mysore) has no bearing on this question, as it is not the intention in the procedure suggested by us to take into account in the computation of " total income", dividends not received in Mysore.

152 While the Reciprocity arrangement is intended to avoid double taxation on dividends, it will, I fear, enable some persons in recei of assessable income escaping payment of tax wholly or partly on income from dividends in both the jurisdictions so long as the Law relating to refunds remains unchanged.

153 It is stated in the minute that the incl sion in the "total income" of assessees of tl Government in whose jurisdiction dividends a received, will minimise refund claims on the Government in whose jurisdiction dividends accrue as such inclusion will reduce the numl of exemption cases and increase the rates of tax payable.' Under the existing Income Ta Law in Mysore and British India, non-resident with less than assessable income in the juri diction where the dividend accrues, are entit to refunds in respect of tax on dividends re- and provision to be made in other cases covered at source even though they are in receipt of considerable incomes in the other jurisdiction and the Reciprocity arrangement cannot by itself. I submit, affect this claim to refund on the part of such assessees.

Note—Contn. Sheet

Serial No.

154 I believe there are several assessees in Mysore in receipt of incomes from dividends accruing in British India who take advantage of the provision regarding the grant of refund and are not subjected to double levy. They are no in need of relief. The adoption of the Reciprocity arrangement without an amendment of th Law will only result in depriving ~~our~~ one Government of some revenue it is getting without helping the other.

155 In the Bill No.45 of 1926, the Government of India have drafted an amendment so as to withhold the grant of refunds to non resident share-holders who may be in receipt of assessable income in other jurisdictions but enjoy under the existing law an unfair advantage ove resident assessees. It seems to me that we might well await the action of the Government of India on the amending Bill No.45 before pursuing this matter.

156 As regards the avoidance of double levy on incomes from professions and vocations, I think the suggestion to exclude such items fr the definition of "total income" in section 16 (1) and extend the Reciprocity arrangement on the 'accrual' basis will solve the difficul so far as we are concerned; but the enclosure to the Residency letter of 11-11-1925 shows that it may be often difficult in practice to distinguish professional earnings from busines income in repect of firms and to apply the

Note—Contn. Sheet

General & Revenue Secretariat. | GT File No. 53 of 1924

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Reciprocity arrangement to the former class of income on a basis different from that of the latter. I doubt also if, in view of the attitude of the Government of India, this fresh proposal of ours would be acceptable to them, as it involves the surrender by that Government of the British Indian Tax minus Mysore tax on Mysore profits taken into British India.

OFFICE OF THE SECOND MEMBER OF COUNCIL
16 SEP. 1927
No. 1451

2nd meeting

157 I wish to discuss this with Fl Secy

15.9.27

(7.9.27)

158 Resubmitted as directed

Fl. Secy) 24/9/27

159 Discussed with member

160 Forwarded to the Commissioner, Dn Dan for favour of his [illegible] remy. in the light of the discussion on the subject. Vide notes supra.

17.11.27

Sd/- B. Venkatasiya
for
P.R.

4001/1519

Sd/- P.R. 20/9

5475/5160

Sd/- P.R. 17-11-27

Sd/- P.R. 17.11.27

Sd/- M.S. 18/11

Note—Contn. Sheet

General and Revenue Secretariat. | File No. of 192

Serial No.

C 127/28-29
Encl. 2 Nos.

9/8
19/2/27

Returned with compliments.

I have carefully gone through the file and I am of opinion that we should make another attempt to get through the reciprocity arrangement in connection with the dividends and professional earnings. The attitude of the Government of India seems to be due to a misunderstanding of the proposals made by the Government of Mysore. In regard to both dividends and professional earnings, what was suggested by the Mysore Government was that the Government within whose jurisdiction the income actually accrues, may tax the income, giving also refunds connected therewith. A further suggestion was made in our letter dated 18th December 1925 that this income would be taken into account in calculating the total income for purposes of taxation. The idea underlying this proposal is that the income accruing elsewhere but actually received in Mysore of persons residing in Mysore would be included in the computation of total income for purposes of determining the liability to, and the rate of, tax in Mysore. It is this proviso that seems to have caused all the misunderstanding. It is due, I think, to the fact that while the Mysore Government looked at the question from the point of view of the

NOTE —Contn. sheet

assessees

assessees usually residing within their jurisdiction, the Government of India apparently thought that this would apply also to British Indian - subjects having some income as dividends or from professions in Mysore. As a matter of fact, that was not the effect of the proposal made by the - Mysore Government.

162

2. The question regarding "dividends" is simple and there can be no controversy regarding total income as they are taxed at source <u>at the maximum rate.</u> Any misapprehension in the mind of the - Government of India can be only in respect of - "professional earnings." With regard to this, it may be pointed out that the law in Mysore (Section 16) as it stands does not permit of the - inclusion of the all-India income of a subject of British India who is engaged in professional work in Mysore. To take a concrete case, if an - assessee in Madras derives income from a profession in Mysore, would his income in British India be taken into account in determining the effective rate of tax in Mysore? The answer is in the - negative. But the Government of India seem to be under the mistaken impression by mis-reading the proviso that the total income of such persons in the whole of British India would be taken into - account

NOTE—Contn. sheet

WD 0324—GPB—60,000—24-5-27

1483
14/8

Ide
7e 4-27

470 of 28
7e



account in determining the rate in Mysore. But for this misapprehension, it is very probable that they would have agreed to the reciprocity arrangement. It is therefore worth our while to remove this misapprehension and press the matter again.

1/3 3. The subject does not seem to be of immediate practical importance to us. But I think it is necessary that we should not allow the Government of India to shelve the question by advancing incorrect arguments based upon a misunderstanding of our proposal.

I regret the delay in sending the file back

9th August 1928. J.D. Rajagopaad
Commissioner of Incometax.

NVL.

GENL. & REV. SECTT.
10 AUG 1928
FINANCIAL BRANCH

Subd. for orders.
NV 4
13/8

Nalseey 14 VIII
13/8

166 I agree that action may now be taken as indicated in the minute - paras 144 to 148. The law relating to refunds to non-residents has been modified both in the India and in Mysore.

1st member 17/8 Noted. 17.8.28 14/8/28
Draft for adopt. 17/8 17.8.28 NVL

FINANCE COUNCIL
14 AUG. 1928
No. 1115

General and Revenue Secretariat.

GT File No. 53 of 1928

Serial No.

DEWAN'S OFFICE
Received on
25. AUG. 1928
Reg. No. 1160

FINANCIAL SECRETARY
21 AUG. 1928
No. 1723

FIRST [illegible]
23 AUG. 1928
No. 1294

168 Draft Subd.

169 please put up a typed draft

170 Subd. in the a typed copy.

171 Draft revised and submitted for approval

172 For perusal [illegible]

173

174 Issue

To.

The Secy to the Hon'ble the Resident
No. Pol 251 & 31.8.28

Requests that the Govt. of India may be moved to reconsider the question in the circumstances explained —

NOTE—Contn. Sheet.

(47)

App. F. III—2]

General and Revenue Secretariat.

9T File No. 53 1410 of 1924

Serial No.

From

The Secy to the Hon'ble the Resident.

no. 8972/43-19178 22.9.28

St Address Enquiries if the presumption in the Resident's mind that the Mysore Govt's interpretation of the expression "total income as including incomes which either accrue nor are received in Mysore applies to incomes from business only & not to incomes from other sources -

175 Subd. According to Section 16(1) of the I.T. Act, in computing the total income of an assessee, profits or gains in British India of any business carried on both in British India & in Mysore in respect of which deduction is allowed under Section 10(4) shd be included".

176 Dividends not received in Mysore cannot be taken into account

177 May the Residency be informed that their presumption that the Mysore Govt's interpretation of "total income" applies only to incomes from business is correct?

A. Subd.
WW
26/9

Yes.
Draft
MR
29/9

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

General and Revenue Secretariat. | I.T File No. 55 of 1924

Serial No. 178

8487
1/10

revised and
Draft Submitted
W
1/10

JLees)

M.Z
1/10/28

179 (Six months)

S. Lord
M.Z.

180) Muzle
20/10/28
Issued

M.Z
16/10

40 Fol 433 dated 11-10-1928
to the Secretary to the Hon. the
Resident in Mysore

State that the presumption referred to
in para 3 of his letter is correct
and that only profits or gains in
British India of any business carried on
both in British India and in Mysore
in respect of which deduction is allowed
shall be included in the Computation
of total income of an Assessee.

1st May a reminder issued to the Residency
to the above!

Submitted with a draft for orders

Bsq
16/2/1929

JLees) M.Z
16/2

Put up a minute herein
M.Z (8)

3138
10.10.28

3446
16.2.29.

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

Serial No.

183 Subd for orders with refce to H Secy's instructions at previous page

5798.

4960/19/3

Pssd 18/3/29 ML 18/3/29 H Secy) 18/3

184 (1st member) 22/3

185 1st member 23/3/29

41 From The Commr g I.T no. C 127 g 23.3.29

Requests that the question of relief from double-taxation may be reopened

H. Secy's orders:-

186 We have sent a reminder recently. The Commr may be informed that the Govt. of India have been addressed in the matter.

(2nd) B.S. 25.3.29

1st member)

(2nd) M N.K 28.3.29

187 Draft Subd

HW 2/3

188 Issue

(2nd) A.N.R. 30/3

42 To. The Commr of I.T no. H 7392 g 2.4. Informs that the Govt. of India have been addressed in the matter

NOTE—Contn. sheet

Serial No.

43 From

The Secy to the Resident

no. 4574/43-1917 dt 22.5.29

Proposes certain modifications & enquires whether the Mysore Govt. accept the same.

H: Secy's orders:-

189 The Commr of I.T may be consulted re the modifications before sending a reply.

(Init) B.S. 22/5

1st member) 190

Yes

(Init) M. N. R.

24.5.29.

191 Draft Subd

IW 25/5

192 88 re

by 25/5

44 To. The Commr of Income Tax

no. H 8 843 dt 31.5.29.

Requests him to favour Govt. with remarks.

45 From The Same Office no. C 127 dt 8.6.29

opines that the modifications suggested may be accepted.

193 Subd. The Commr is of opinion that the modifications suggested may be accepted. Reference is invited to para 148 supra & 1st member's minute dt 5.9.27 — on the subject.

IW 20/6

H Secy

21.6.29

607/29



WD'01684—GPB—30,000—20-4-29

General & Revenue Secretariat. | DT File No. 55-5-28/29 (51) of 1929

Serial No.

194 I think both the modifications suggested by the Government of India may be accepted. The Commissioner of Income Tax is agreeable to these suggestions. The first modification is due to the fact that the taxable limit in Mysore, (Rs2400/-) is more than in British India, (Rs 2000/-). The second modification is suggested so as to make it quite clear ~~so~~ that the reciprocal arrangement ~~may be~~ is in conformity with the provision in section 11(3) of the Income Tax Law.

195 A draft accepting the modifications and requesting the Government of India to issue necessary instructions to the Commissioners of Income Tax is put up for approval.

11.7.29.

First Member.
Dewan.

196 Mule 12.7.29

197 13-7-29

To.

46 The Secy to the Hon'ble the Resident
no. Pol 85 & 16.7.29
States that the Govt. of Mysore accept the modifications suggested & that they will be glad if the arrangement is brought into effect

LLWAN'S OFFICE
13 JUL 1929
No. 256

GHL
12 JULY 1929
No. 320

NOTE—Contn. sheet

WD 1214—GPB—500—21-10-28

General & Revenue Secretariat. | 19171 FT File No. 53 (52) of 1924.

Serial No. 47

19K I submit for perusal Residency letter of 7th November 1929, forwarding for our information a copy of Memorandum dated 12th September 1929 issued by the Central Board of Revenue on the subject of relief from double income-tax in respect of dividends and incomes from professions and vocations.

19Q The Memorandum follows the arrangements entered into between the two Governments in this matter. It states that the relief from double income-tax should be given effect to from the current year, i.e., in respect of assessments made last year.

2W A copy of this Memorandum may be sent to the Commissioner of Income Tax and he may be requested to submit for the information of Government the draft of a circular to be issued to all Assessing Officers in Mysore.

In this connection I ~~will~~ wish to invite reference to the orders* passed in regard to assessing the professional earnings of Sir Chimanlal Setalwad and his Assistant in respect of ~~his~~ the services -- rendered to Mysore in the Cauvery Arbitration case

(* File enclosed to this)

9Z Under the new arrangement which has now been brought into effect the position in this case will be as follows:-

9B If the earnings are taxed in Mysore, they will not be charged to tax in British India but will be taken into account only for the calculation of total income in British India. If, however, the earnings are not taxed in Mysore, the Government of India will be entitled to levy the tax at British India rates.

P.T.O.

Note—Contn. Sheet

WD 2343—GPB—500—12-3-29

Serial No.

DEWAN'S OFFICE, 3 JUL 1929 No. 2031

2749/87 XL

2749/87 XL

2) In the circumstances it seems to be advantageous to Sir Chimanlal Setalwad as well as to the Government of Mysore to levy the Mysore Tax on the fees paid ~~to him~~ by this Government.

FIRST MEMBER.
DEWAN.

8/11/29

I agree. Sir C. Setalvad and Mr Dalal will not be required to pay taxes to both Courts according to the reciprocity arrangement now arrived at with the Govt of India. They may pay us the tax on the fees received by them and claim exemption from British Indian tax which will now be allowed. Their only objection was to be freed from double tax and this relief is now afforded to them.

9/11/29

14-11-29

D.T. may end
29/11

Note—Contn. Sheet

WD 2343—GPB—500—12-3-29

General and Revenue Secretariat. GT File No. 53 of 1924

Serial No. 2550

Draft to the Comm^r of I.T. Subd.

W 29/11. Appatte 30/11/29

29/11/29 H.Secy I

W Draft-revised to issue. (Separate Circular re assessing Criminal Court witnesses not Details in case proposed in Circular). 2/12/29

Issued No. H 6088 dy 10/12/29. to the Comm^r of I.T. Bangalore

From

The Comm^r of Income Tax no. C 127 dy 25-12-29

Forwards for approval a draft of the circular proposed to be issued in the matter.

W Subd. The proposed circular is the same as the memorandum issued by the Central Board of Revenue with few verbal alterations.

Draft Subd

W 2/1/30 Tel Secy. 2/1/30

Member 9/1/30

do

Approved 10/1/30

may the draft issue

Yes 11.1.30 11.1.30

3 JAN. 8293

10 JAN. No. 3998

8755 11/1/30

NOTE—Contn. sheet.

WD 066—GPB—30,000—26-7-29

General and Revenue Secretariat — GT File No. 53 of 1924.

Serial No.

To.

The Commr of I.T. No. H 47 [illegible] 1/8-12.
Conveys approval to the issue of the proposed circular.

B

Please file reports with main file



WD 066—GPB—30,000—26-7-29

19683

T. 66]

In reply refer to
No. C.737/24-25
Enc.

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,

*Bangalore* 10th November 1925.

URGENT.

12 NOV 1925

GENL. & REV. SECTT. Br. 7 10 NOV. 1925 G.D. SECTION.

FROM V. R. Thyagaraja Iyer, Esq., M.A.,
COMMISSIONER OF INCOME-TAX IN MYSORE.

To B. Srinivasa Iyengar, Esq., B.A., B.L.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

Sir,

With reference to your letter No. Fl.2275 dated 26th October 1925 and in continuation of my letter No. C.737/24-25 dated 27th October 1925, regarding the extension of the presen reciprocal agreement with the Government of India to dividends and incomes from professions and vocations, I have the honour to state as follows:-

2. The existing agreement provides for relief from double income-tax of incomes from (a) Salaries including pen sions, (b) Interest on securities and (c) Business. The pro posal now under consideration deals with incomes from pro- fessional earnings and dividends. Income from dividends is classed under "Other Sources". Under section 12 of the Mysor Income Tax Regulation incomes not falling under any one of th other five heads of income are classed under "Other Sources". If agreement is now entered into in respect of incomes f "Professional Earnings" and from "Other Sources", the o head of income that will be subjected to double taxati be income from "Property". It seems, therefore, de afford relief from double taxation in the case of i all the three remaining heads of income viz., (a) p

property, (b) professional earnings and (c) other sources, not now covered by the existing agreement.

3. After discussing the matter with the Deputy and Assistant Commissioners of Income Tax, Bangalore and Mysore Cities and Taluks, I am of opinion that incomes under "Property", "Professional Earnings" and "Other Sources" liable to double taxation both in Mysore and in British India under the Income-Tax law in force may be subjected to tax only at the place of accrual irrespective of the place of receipt though such incomes may be taken for computing the "total income" in both places. As regards income from "Professional Earnings" the principle of section 10(4) of the Mysore Income Tax Regulation may further be extended as income accruing and received outside Mysore to a resident in Mysore comes within the operation of the Income Tax Regulation (vide section 11(3)).

4. The question as to who should grant refunds in the case of dividends liable to tax in both places has been dealt with in item (3) of your letter No. Fl.4836/I.T.14-24-21 dated 25th February 1925 addressed to me.

5. It seems to me that the best method of testing the workability of the proposed extension is to apply it to a few actual or hypothetical cases and then to see if the theory meets all the difficulties or doubts raised in actual practice. If Government agrees with me, I shall request the Special Commissioner to work out a few cases coming under the extension.

I have the honour to be,
Sir,
Your most obedient servant,

Commissioner of Income Tax. 10/11/25

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

Pol. 539

No. 9233 Enc.

GEN. & REV. SECTT. Rs. 12 NOV. 1925 G. D. SECTION.

13/11/25

From

Major K. A. G. Evans Gordon,
SECRETARY TO THE RESIDENT IN MYSORE.

9-T

Serial N 10

To

The Secretary to the Government of Mysore,
Revenue Department.

*Dated Bangalore,* 12th November 1925.

**Subject.**

RELIEF FROM DOUBLE INCOME-TAX IN RESPECT OF DIVIDENDS AND INCOMES FROM PROFESSIONS AND VOCATIONS.

---

Sir,

With reference to your letter No. Pol.835/I.T.23-24-4, dated the 1st April 1925, I am directed to state that the Government of India note with satisfaction the willingness of the Government of Mysore to conclude with them an arrangement for relief from double income-tax in respect of dividends.

2. The Government of Mysore suggest that dividends accruing in British India and received in Mysore should be free of tax in Mysore, while dividends accruing in Mysore and received in British India should be free of tax in British India. The Government of India accept the suggestion with the corollary that the Government in whose jurisdiction the dividends will be taxed would also give any refund to which the recipient might be entitled under section 48(1) of the Indian Income-tax Act, 1922 (XI of 1922) or section 48(1) of the Mysore Income-tax Regulation, 1923 (V of 1923). This the Government of India understand will be agreeable to the Government of Mysore.

3. Another point has been raised, namely, the extension of

| | |
|---|---|
| Vide letter from the Commissioner of Income-tax in Mysore No.C.674/24-25, dated the 20th May 1925. Letter to -do- C.No.508 I.T.25, dated the 2nd June 1925. Copies enclosed. | the present agreement relating to relief - from double income-tax in respect of business |

income to income from professions and vocations. At present there is no arrangement for relief in respect of income from professions and vocations and this causes hardship, for example to firms of Chartered Accountants who earn income in Mysore - which becomes liable to taxation both in Mysore and in British India. The Government of India consider that it would be - reasonable to extend the arragements for relief from double - taxation in such cases, and I am to enquire whether the Government of Mysore agree. The arrangement in regard to these cases would be that where the headquarters of a person exercising a profession or vocation are within Mysore and he also exercises his profession etc. in British India, the Mysore tax would be levied on the Mysore profits and the British Indian t on the British Indian profits; while if the headquarters were in British India and the profession etc. was also carried on i Mysore, the Mysore tax would be levied on the Mysore profits, the British Indian tax on the British Indian Profits, and the British Indian tax minus the Mysore tax on Mysore profits - brought into British India. This is the arrangement at prese in force in regard to relief from double taxation in respect of business profits.

I have the honour to be,

Sir,

Your most obedient servant,

Major,
SECRETARY TO THE RESIDENT.

PN

PN

Copy of a letter from the Commissioner of Income Tax in Mysore, to the Secretary, Central Board of Revenue, No.C.674/25-25, dated Bangalore, 20th May 1925.

--:0:--

I have the honour to request you to kindly inform me whether the income of registered or unregistered firms of Legal or Medical Practitioners or Accountants is treated in British India as income derived from "business" as defined in the Indian Income Tax Act (Section 2(4) or treated as "Professional earnings" (Section 11).

--:0:--

Copy of a letter from the Member, Central Board of Revenue, to the Commissioner of Income-tax in Mysore, Bangalore, C.No.506-I.T.-25, dated Simla, the 2nd June 1925.

--:0:--

Legal or Medical Practitioners and Accountants Firms of - classification of - 'Income from business' or 'Professional Earnings' - Your letter No. C.674/24-25, dated the 20th May 1925.

---

In reply to your letter quoted above I am to say that the Central Board of Revenue believes - though it cannot be positive that the income of Firms - Registered or Un-registered - of Legal or Medical Practitioners, or Accountants, is treated as Income fro Business. Whatever may be the practice, the Board considers that the operations of such Firms cannot be said to be 'adventures or concerns in the nature of trade, commerce or manufacture' within the meaning of Section 2(4) of the Act, and that the income deriv therefrom must therefore be regarded as Professional earnings' a not as Income derived from 'business'.

I am directed to add that one of the points that Mr. Totten Members of the Central Board, will probably wish to discuss with you on his visit to Bangalore in August next is the question whether the arrangements between the Government of India and th Mysore Darbar in regard to relief from Double Income-tax should not be extended so as to apply to such cases.

---:0:---

"C O P Y"

REGISTRAR, RESIDENT'S OFFICE.

of 498 87 18/12/25
J.T. 5-21.

To

The Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

Sir,

With reference to your letter No.9233 dated 11th November 1925 in regard to relief from double income-tax in respect of dividends and incomes - from professions and vocations, I am directed to state that the Mysore - Government are agreeable to the proposals of the Government of India in so far as they relate to the income - from dividends being taxed only by the Government where it accrues, whether it be British India or Mysore as set forth in paragraph 2 of the letter under - advertance with the proviso that the income taxed in one jurisdiction and declared free in another may be included in the latter for computing the total income of the assessee for purposes of determining the liability to and rate of tax.

2. The question of adopting a reciprocity arrangement in regard to relief from double taxation in respect of - incomes from professions and vocations is under consideration and a separate communication will be addressed to you on that subject in due course.

I have etc.,

For Revenue Secretary to Govt.

Communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

29703

No. 279 ENC.

2558

Pol. 790

FROM

Major K. A. G. Evans Gordon,

SECRETARY TO THE RESIDENT IN MYSORE.

J.T. 55-24-19

To

The Secretary to the Government of Mysore,

Revenue Department.

*Dated Bangalore,* 11 January, 1926.

Immediate
12.1.26.

**Subject.**

Relief from double income-tax in respect of dividends and incomes from professions and vocations.

---

SIR,

I am directed to acknowledge the receipt of your letter No. Pol 498/I.T.55-24-15, dated the 18th December 1925.

2. The Resident would be glad to be favoured with the remarks of the Government of Mysore explaining the proviso in paragraph 1 of the letter that the income from dividends taxed in one jurisdiction and declared free in another may be included in the latter for computing the total income of the assessee for the purposes of determining the liability to and rate of tax, with particular reference to the decision which it is understood has been passed recently by the full Bench of the Chief Court on this question of the correct interpretation of the phrase "total income"

This decision does not apply to 'total income' as per 'total income' as far as Mysore is concerned

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE RESIDENT

CJK.

Vol. 764
Ff file 55-24-80

D/ 12/3/26.

To

The Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

Sir

With reference to the correspondence ending with your letter No.279 dated the 11th January 1926, in re: relief from double income.tax in respect of dividends I am directed to state that the decision of the Chief Court of Mysore to which reference has been made therein ~~has no bearing on the point under consideration. The question raised in cases before the Chief Court~~ related to the correct interpretation of the expression "Total Income" for purposes of super-tax with reference to companies doing business both in British India and in Mysore i.e. the question in these cases was whether the income of the companies which did not accrue or arise in Mysore or was not received in Mysore could be included within the expression "Total Income" as defined in the Regulation for the purpose of assessability of the companies to super-tax. The Chief Court decided this question in the negative.

The present question, however, relates to dividends on shares in companies in British India accruing to, and received by persons residing in Mysore. By the operation of Section 4 of Mysore Reg. which ~~the Mysore Regulation~~ applies to all incomes arising or accruing or received in Mysore these dividends ~~have been~~ are liable to Mysore Income.tax though they are subjected to Income-tax in British India also. The

agreement now under consideration is intended merely to prevent double taxation though the income could be taxed both in British India and Mysore under the respective enactments, falling as it does within the scope of both the enactments. No statutory exemption is proposed to be provided for and the tax is merely to be waived as a result of reciprocal arrangement. The effect of it is that while no tax will be collected in Mysore on the dividends from British Indian Companies accruing to and received by persons in Mysore (though Law permits such a course) such income, to which the Mysore Regulation applies under Section 4, will be included in "Total Income" under Section 2 clause 15 of the Regulation for the purpose of ascertaining the assessability of an individual to taxation and for determining the rate of tax.

I have &c.,

Secretary to-Government,
Revenue Department.

APP. F. VI. Gl.]

SUBJECT.....

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Section P. T

File No. 53-24

Seria No.

*Diary No. of letter replied to*.....

No. Pol 1019

General and Revenue Secretariat

( )

*the* *192*

To ....The Secretary to the

Hon'ble the Resident

Date of issue 29/4/26

Signed by Mr. B. N.

Sir,

In continuation of his office letter no. Pol 498 dt 18th December 1925 in regard to relief from double taxation in respect of incomes from professions & vocations, I am directed to state that the Mysore Govt are agreeable to the proposals of the Govt. of India as set forth in paragraph 3 of your letter no. 9233 dt 11th Nov 1925

I am to add ~~with the proviso~~ according to the J.T. Report as modified that the incom

List of enclosures.....

Copied by..... G.N.D.

Examined by.....

*over*

though exempted from tax under his arrangements

ccruing in British India ~~may~~ will be
aken into account for computing
he total income of assessees for
urposes of determining the liability
o and rate of tax in Mysore.

I have &c

Secy to Govt
By Rev. Deptt

Encl
23-4-26

APP. F. VI. G1.]

SUBJECT.....

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.....

Section 9.T 53·24

File No.

Serial No.

No. Pol 523

*Diary No. of letter replied to*.....

To The Secy to the Hon'ble the Resident in Mysore

General and Revenue Secretariat

( )

*the* *192*

Sir,

Date of issue 10/12/26

I am directed to invite reference to the correspondence ending with this office letter no. Pol 1019/9.T 53-24 dt 29th April 1926 in regard to relief from double taxation in respect of incomes from dividends, professions & vocations and to ~~request be informed as to~~ know the matter stands.

Signed by W. B. N.

List of enclosures.....

I have &c.

for Secy to Govt

L. & Depts.

Copied by.....

Examined by.....

over

WD 01265—GPB—31,000—24-12-25

DIARY NO. 2910

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 307 ENCLOS. Dated Bangalore, 10th Jany 1927.
43-1917

FROM

Major K. A. G. Evans Gordon,

SECRETARY TO THE RESIDENT IN MYSORE.

GEN. & REV. SECTT. PR 10. JAN. 1927 G. D. SECTION.

To

The Secretary to the Government of Mysore,
Local and Legislative Departments.

Subject :—

Relief from double taxation in regard to incomes from dividends, professions and vocations - Mysore & British India.

SIR,

I am directed to acknowledge the receipt of your letter No. Pol.523/I.T.55-24, dated the 10th December 1926, and to say that a communication from the Government of India on the subject is awaited.

A reply will be sent as soon as possible.

I have the honour to be,
Sir,
Your most obedient servant,

Evans-Gordon

Major.
SECRETARY TO THE RESIDENT.

46687

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 1945 Enc.
43-1917

3628

9.T 55-24-36

Pol 994

From

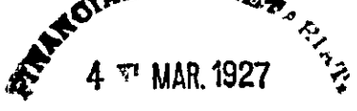
Major K. A. G. Evans Gordon,

SECRETARY TO THE RESIDENT IN MYSORE.

To

The Secretary to the Government of Mysore,

Local and Legislative Departments.




*Dated Bangalore,* 28th February *1927.*

**Subject.**

Relief from double income-tax in respect of dividends and incomes from professions & vocations.

2nd member 4 3/7/27

5891/3/3 Mr 4/3/27

4054/4/3 4

Sir,

I am directed to refer to the letters from the Government of Mysore, No.Pol.498/I.T.55-24-15, dated the 18th December 1925 and No. Pol.1019/I.T.55-24, dated the 29th April 1926, in which the Government of Mysore accepted the proposals of the Government of India as set forth in the letter from this office No.9233, dated the 11th November 1925, with regard to relief from double income-tax in respect of dividends and incomes from professions and vocations, subject in both cases to the understanding that, in accordance with the Income-tax Regulation in force in Mysore, the income accruing in British India, though exempted from the tax under this arrangement, would be taken into account in computing the total income of the assessee for determining the liability to, and the rate of, tax in Mysore.

2. This reply was duly communicated to the Government of India.

3. I am now directed to inform you that the Government of India have decided to drop the question of

extending

extending the arrangements for relief from double income-tax between the Mysore State and British India to dividends and incomes from professions and vocations. I am also at the instance of the Government of India to explain that when the existing arrangements with the Government of Mysore in regard to relief from double income-tax were concluded (vide letter from the Government of Mysore, Revenue Department No. Pol.1245, dated the 18th May 1922) the Government of India did not anticipate this important difference of opinion between themselves and the Government of Mysore as to the intention of the Mysore Regulation. Since acceptance of the proposed agreement subject to the proviso which the Government of Mysore wish to insert in relation to incomes derived from dividends and from vocations and professions would involve an additional liability which must fall on the shoulders of the British Indian tax payer (the Government of Mysore consider that the definition of total income in section 16(1) of the Regulation entails the inclusion of income, if any, accruing from such of the assessee's business as may be carried on in British India even though such income has not been received in the Mysore State) the Government of India regret that they are not prepared under existing conditions to proceed with the proposal.

x Sir A. Banerji's demi-official letter No.R.19, dated the 20th March 1926.

I have the honour to be,
Sir,
Your most obedient servant,

Major.
SECRETARY TO THE RESIDENT.

APP. F. VI. Gl.]

SUBJECT.....

.....

.....

Section 9.T

File No. 33.24

Serial No. 37

*Diary No. of letter replied to*.....

No. Fl 7674 / 1 Sheets

General and Revenue Secretariat

( )

*the* *192*

To

The Commissioner of

Income Tax

Date of issue 31.3.27

Signed by Mr B.S.R Rao.

Sir

I am directed to invite reference to this office letter no. Fl 6587/9.T 11-26-58 15.2.27 calling for information in regard to the increase in revenue in income tax & Super-tax due to the inclusion according to Section 16(1) of the I.T. Rules, in 'total income' of profits or gains in British India on any business carried on both in British India & in Mysore and to

Draft for approval in the Secret pl.

List of enclosures.....

Copied by..... Sd/-

Examined by .....

*over*

request ~~the~~ the favour of a ~~reply~~ early reply

2 Copies of the ~~Bill~~ Residency letter no 1945/93-1917

I have etc

J H Secy ~~Bd~~ Govt

Kindly send us a copy of your Dividend warrant book from 1st to 31st January 1924 in respect of Dividend No 3 paid by you

Yours faithfully

Secretary

letter no C.277/204 dated 16th December 1924

NV

SUBJECT.....

.....

.....

Section

File No.

Serial No.

No. H 9094/

*Diary No. of letter replied to*.....

To

The Comm^r of Income Tax

General and Revenue Secretariat

( )

*the* *192*

Sir,

Date of issue 4.6.27

I am directed to invite reference to para 2 of this office communication no. H 7674/I.T 55-24-10 of 31.3.27 calling for your opinion on the Residency communication in regard to relief from double income-tax in respect of dividends & incomes from professions & vocations and to request you to be so good as to forward your opinion in the matter as early as practicable.

Signed by Dy. S. R.

List of enclosures.....

Copied by HMS

Examined by.....

I have etc

By/ H

for H: Secy

*over*

WD 01265—GPB—31,000—24-12-25

I. T. 66]

In reply refer to
No. C.737./24-25
Enc.....

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,

*Bangalore*.....29th..June.....*1927*.

FROM S. P. Rajagopalachari, Esq., B.A., B.L.
COMMISSIONER OF INCOME-TAX IN MYSORE.

DIARY NO. 44
19 — 12
Section. 9.7
File No. 55-24
F. A. 38

To

B. Srinivasa Iyengar, Esq., B.A., B.L.,
Financial Secretary to the Government
of His Highness the Maharaja of Mysore,
Bangalore.

Sir,

With reference to para 2 of your letter No. Fl. 7674 I.f. 55-24 dated 31st March 1927 calling for my remarks on the Residency letter No. 1945-43-1917 dated 28th February 1927 with regard to relief from double taxation of dividends etc., I have the honour to state as follows:-

2. An agreement which has been arrived at with regard to the ~~items~~ of salaries and pensions and to the complicated incomes from business should prima facie cause no difficulty in regard to its extension to the comparatively minor items of dividends, professiona earnings and other sources.

3. As I have not got copies of the letters addressed by the Government of Mysore to the Residency, I find it difficult to follow the reasoning adopted in the Residency letter in refusing to come to an agreement on the matter. The Residency letter states that the reason for dropping the matter is because the acceptance of the proposed agreement subject to the proviso which the Government of Mysore wish to insert in regard to the inclusion of " total income " for purposes of determining the liability to the rate of

of tax would involve an additional liability which must fall on the shoulders of the British Indian taxpayers. I do not know the exact nature of the proposal made by the Government of Mysore ; but I understand that the proposal was limited to incomes accruing elsewhere but <u>received</u> in Mysore. If this is so, I would like to point out that the question of " total income " under section 16 of the Regulation does not arise at all. Total income as defined in that section does not include income from dividends, professional earnings and other sources. The Government of India need, therefore, have no apprehension of any fresh liability on the British Indian taxpayer. I beg to suggest that this may, if Government agree with me, be brought to the notice of the Government of India and that the question pressed again on their attention so that the reciprocal arrangement may be carried through.

I have the honour to be,
Sir,
Your most obedient servant,

Commissioner of Income Tax.

RH

Pol. 25 dated 31-8-1928.

To

The Secretary to the Hon'ble
the Resident in Mysore, Bangalore.

Sir,

I am directed to invite reference to Major Evans-Gordon's letter No. 1945/43-1917 dated 28th February 1927 communicating the decision of the Government of India to drop the question of extending the arrangements for relief from double income-tax between the Mysore State and British India to dividends and incomes from professions and vocations and to request that the Government of India may be kindly addressed to reconsider the matter in the circumstances explained in this letter.

2 The objection of the Government of India is thus stated. - "Since acceptance of the proposed agreement, subject to the proviso which the Mysore Government wish to insert in relation to incomes derived from dividends and from vocations and professions, would involve an additional liability which must fall on the shoulders of the British Indian tax-payer, the Government of India are not willing to proceed with the proposal."

Relief from double tax to be granted is in respect of two classes of income, viz., (1) dividends and (2) incomes from professions and vocations.

2. As regards the former, there appears to be ~~is evidently~~ a misapprehension of the views of this Government In the course of the discussions on income-tax matters held at the Residency on 14th August 192[illegible] what was suggested and agreed to was that incomes

incomes from dividends arising in British India and received in Mysore should only pay tax in British India and vice versa, the Government, in whose returns the dividends would, for purposes of taxing, be included in "total income" under this arrangement, giving any refunds to which an assessee is entitled under Section 48(1) of the Income Tax Law. This proposal was reiterated by the Government of India. ( Vide para 2 of Residency letter No.9233 dated 11th November 1925). What this Government suggested in their letter of 18th December 1925 was that while the Government within whose jurisdiction a dividend accrues may take the tax on it and allow the refund, if any due under Section 48(1) of the law, the Government in whose jurisdiction . . . . dividend is received may include it in the total income of the assessee concerned for purposes of fixing the rate of and liability to tax, but may waive its claim to levy the tax in respect of it. Under the existing law, it is open to both Governments, Mysore and British India- to levy tax on dividends accruing in British India and received in Mysore and vice versa, one Government basing its claim on accrual and the other on receipt of incomes in its jurisdiction. It was not the intention of the Mysore Government to include in the expression" total income" dividends not received in Mysore. — The object of the reciprocal arrangement is only to free the assessees from the levy of double taxation without enabling them to escape liability to tax or to reduce the rate of tax determined with reference to their ability to pay as measured by their total income. It will thus be seen that the arrangement proposed by this Government does not involve any additional

liability falling on the shoulders of the British Indian tax-payer; on the other hand, ~~it relieves him from the levy of double taxatio~~ The inclusion of dividends accruing in Mysore but received in British India will result in bringing under the tax persons who might escape the levy of double taxation in respect of their total income, ~~is~~ exclusive of such dividends is below the taxable limit and in raising the rate to be charged in cases in which the total income is increased by the addition of such dividends above the limit for the next lower rate of tax.

3. The proposal to extend the reciprocal arrangement to incomes from professions and vocation may now be considered. I am to state that even with regard to these kinds of incomes it is not the intention of this Government that they should be included in "Total income" as defined in Section 16(1) of the Mysore Income Tax Regulation, when the said ~~earnings~~ incomes are not received in Mysore. What this ~~Government~~ wish to suggest is that the priciple of reciprocity based on accrual may be adopted in this case also and that the ~~Administration~~ Govt in whose jurisdiction an income from the practice of a profession or vocation accrues may alone take the tax upon it, ~~and that~~ but the Government in whose jurisdiction it is received may include it in the "Total income" of the assessee for the purpose of determining liability to and rate of tax.

4. In the light of the above explanation it is hoped that the Government of India will have no objection to accept the reciprocal arrangement in regard to the two classes of incomes referred to, ~~and~~ I am to request that the Hon'ble the Resident may be kindly moved to address the Government of India in the matter.

I have etc.,

22/8/25

Finl. Secretary to Govt.

Mrs 24.8.25

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

13757 No. 8972 / 43-1917 Enc.

D 1410 / R

From

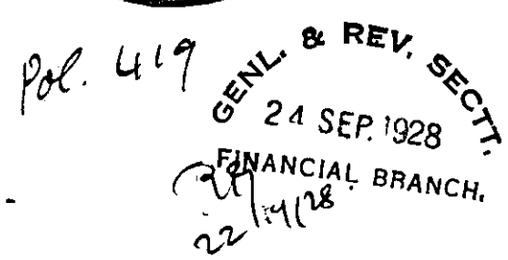
A. C. Lothian, Esquire, I.C.S.,

SECRETARY to the RESIDENT in MYSORE.

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Financial Department.

Pol. 419




22/9/28

PP. RR.
XXX
22 9 28.

*Dated Bangalore,* 22nd Sept. *1928* .

**Subject.**

Relief from double income-tax in respect of dividends and incomes from professions and vocations.

Sir,

I am directed to acknowledge the receipt of your letter, No. Pol.251/I & T. 55-24, dated the 31st August, 1928.

2. The Government of Mysore state that there appears to be a misapprehension of their views in regard to the correct interpretation to be placed on the proviso in paragraph 1 of their letter of the 18th December, 1925, and that it was not their intention to include in the expression "total income" dividends not received in Mysore

No difficulty would presumably have arisen over this proviso if its intention had only been to ensure that income which accrued in one jurisdiction but was received in the other, and was taxed only in the former, should nevertheless be included in "total income" in the latter for the purpose of determining the rate applicable to the other income taxable in that State. It seemed, however, evident that the Mysore Government would not accept the above interpretation but adhered to the contention that they were entitled to include in "total income", for the purposes of their income-tax law, income that neither accrued nor was received in Mysore, although the Government of India put forward no such claim in reverse cases. It

was

was suggested to the Mysore Government on several occasions that they might amend their Regulation, if necessary, to bring it in line with the practice in British India, but they considered this undesirable - vide the correspondence cited in the margin.

* 1. Mr. Pears' demi-official letter, No.2327, dated 13th March 1926 and Sir. Banerji's reply thereto (Demi-official No.R.19, dated 20th March 1926).
2. Residency letter No.3735/43-17, dated 26th April 1926 and the Mysore Government's reply No. Pol.1137/I.T.54-25-2, dated 9th June, 1926.
3. Major Evans-Gordon's demi-official letter No.6436, dated 27th July 1926 and Mr. Ranganatha Rao Sahib's reply (Demi-official No. Pol.165/I.T.11-26, dated 13th August 1926).

3. From the letter under reply, however, it is presumed that the Mysore Government's interpretation of the expression "total income" as including incomes which neither accrue nor are received in Mysore, applies to incomes from business only and not to incomes from other sources such as dividends or from professions and vocations. I am to enquire, before the Government of India is addressed in the matter, whether this presumption is correct.

I have the honour to be,

Sir,

Your most obedient servant,

A.A. Clothier

SECRETARY TO THE RESIDENT.

App.F.VI-G1.]

SUBJECT.....

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Section D.T

File No. 55-24

Serial No. 40

*Diary No. of letter replied to* .....

Pol. No. 433

General and Revenue Secretariat

( )

, *the* *192*

To The Secretary to the Hon'ble the Resident in Mysore, Bangalore

Subject - Relief from double income tax in respect of dividends and income from profession

Sir

With reference to your letter No. 8972/43-1927 dt 22nd Sept 1928, on the above subject, I am directed that the presumption referred to in para 2 thereof is correct.

Under Section 16 of the Mysore I.T. Regulation only profits arising in British India of any business carried on both in British India and in Mysore in respect of which deductions allowed

over

Date of issue 11-10-1928

Signed by H. C. Srinivasa Iyengar.

List of enclosures.....

Copied by ..... 16/10

Examined by.....

under section 10 - sub-clause (4)
shall be included in the computation
of 'total income' of an assessee.

Thanks

8-10-25

10/10/25

I. T. 66]

In reply refer to
No. C127/28-29
Enc. One

25 MAR

4295
28

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,

Bangalore. 23rd March 1929.

From

5916

S. P. Rajagopalachari, Esq., B.A., B.L.,
Commissioner of Incometax in Mysore.

To

REV

B. Srinivasa Iyengar, Esq., B.A., B.L.,
Secretary to the Government of His Highness
the Maharaja of Mysore,
Financial Department,
Bangalore.

Sir,

In continuation of this office Memo No. C.127/28-29 dated 9th August 1928 recording my opinion in the matter of entering into reciprocal agreement with the Government of India for affording relief from double taxation of incomes derived from dividends and from professions, I have the honour to forward herewith copy of letter dated 7th March 1929 and received from Rajasabhabhushana Dewan Bahadur Sir K.P.Puttanna Chetty, Kt. I have informed him that under the existing rules the levy here is justifiable. This is a striking instance of double taxation and it cannot be helped under the existing rules for want of a reciprocal understanding with the Government of India. I therefore request you to move the Government to reopen the question with a view to arriving at a reciprocal understanding in the matter so that double taxation may be avoided.

I have the honour to be,
Sir,
Your most obedient servant,

G. Rudrappa

Assistant Commissioner
for Commissioner of Incometax
(absent from station.)

Copy of letter dated 7th March 1929 from Rajasabhabhushana Dewan Bahadur Sir K. P. Puttanna Chetty, Kt., to the Commissioner of Incometax in Mysore, Bangalore.

---

I am writing to you about an Incometax matter. I own a few shares in the Andhra Power Supply Co., Bombay. The - Incometax on the dividends paid by this company was duly paid by the Company to the Bombay Incometax authorities. I showed the income in the return submitted by me to the Deputy Commissioner of Incometax. That officer has not only taken the - income into account in calculating total income, but has also levied incometax on the dividends. I represented the matter to him and he says that "the outside dividend of Rs 1,000/- from the Andhra Valley Power Supply Co., Bombay is taxable here also under the Rules". This seems to me a double levy. I shall feel thankful if you kindly enlighten me as to the rules in this matter.

Please excuse trouble.

---

G. Subbaraya

For Commissioner of Incometax.

Appendix F G—1

SUBJECT.....

.....

.....

*Diary No. of letter replied to*.....

General and Revenue Secretariat

( )

*the* *192*

Date of issue..... 2.4.29

Signed by ..... M.A.N.R

List of enclosures.....

Copied by..... Cp 7/4

Examined by.....

Section

File No.

Serial No.

No. H 7392/

To

The Comm'r of Income Tax

Sir,

With reference to your letter no. C 127/28-29 & 23rd March 1929 in regard to entering into reciprocal agreement with the Govt. of India for affording relief from double taxation of incomes derived from dividends & from professions, I am directed ~~tha~~ to state that the Govt. of India have been addressed in the matter and their reply is awaited.

I have etc

A.D. 3/5/29

for H. Secy

WD 0399—GPB—20,000—18-9-28

WW

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

5430

No. 4514 Enc.
43-1917.

22 MAY 1929

From

Major G. Loch,

SECRETARY TO THE RESIDENT IN MYSORE.

4272

GEN. & REV. SECTT. 23 MAY 1929 FINANCIAL BRANCH

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

*Dated Bangalore,* 22nd May 1929

**Subject.**

RELIEF FROM DOUBLE INCOME-TAX IN RESPECT OF DIVIDENDS AND INCOMES FROM PROFESSIONS AND VOCATIONS.

Sir,

(Copy sulmd)

GEN. & REV. SECTT. 22 MAY 1929 G. D. SECTION.

With reference to the correspondence ending with your letter No. Pol.433/I.T.55-24-40, dated the 11th October, 1928, I am directed to state that the Government of India have received, with satisfaction, the proposals of the Government of Mysore, communicated in their letter No. Pol.251/I.T.55/24, dated the 27th August, 1928, and are prepared to extend the existing arrangements for relief from double income-tax between the Mysore State and British India in accordance with the principles suggested.

2. The Government of Mysore propose that, as regards dividends, the Government within whose jurisdiction tax is charged on the profits out of which a dividend is paid, shall retain the tax on the part of those profits represented by the dividend and shall allow such refund on the dividend as may be due under the provision of its Income-tax Law, corresponding to section 48 of the Indian Income-tax Act, while the Government in whose jurisdiction the dividend is received may include it in the "total income" of the assessee concerned for the

purpose

purpose of fixing the rate of, and the liability to, tax, but shall waive its claim to levy tax in respect of the dividend. This proposal is accepted by the Government of India.

3. The Government of Mysore further propose that the income derived from the practice of a profession or vocation shall be taxed by the Government within whose jurisdiction it arises or accrues, while the Government in whose jurisdiction it is received may include it in the "total income" of the assessee for the purpose of determining liability to, and the rate of, tax. The intention of the proposal is not open to objection, but it will be necessary to prevent evasion, since the proposal seems to nullify to some extent the provisions of section 11(3) of the Income-tax Law in both British India and Mysore. The Government of India, therefore, accept the proposal of the Mysore Government subject to two modifications:-

(i) that the income earned in Mysore by a resident in British India shall not be charged to tax in British India when it has already been, or will be, charged to tax in Mysore. This modification is necessary to provide for the taxation in British India of income which falls below the taxable limit in Mysore; and

(ii) that in cases where such professional earnings have been, or will be, taxed in Mysore, they shall be taken into account for the calculation of "total income" in British India, whether received in British India or Mysore. This provides for cases in which income may be received in Mysore and brought into British India.

The converse will also hold good.

4. I am to enquire whether the Government of Mysore accept the modifications suggested above. If they accept them, the Government of India will issue the necessary instructions in the matter to the Commissioners of Income-tax.

I have the honour to be,
Sir,
our most obedient servant,

G. Lock

Major.
SECRETARY TO THE RESIDENT.

Appendix F G—1

SUBJECT.....

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Section IT

File No. 55-24

Serial No.

No. H8643/Ecs

*Diary No. of letter replied to*.....

General and Revenue Secretariat

( )

*the* *192*

To

The Commr of Income Tax
in Mysore

Date of issue 9/5/29

Signed by .....

Sir,

With reference to your u.o. note no. C 127/28-29 dt 9th Aug 1928 in regard to the question of relief from double income-tax in respect of dividends & incomes from professions & vocations, I am directed to forward copies of the marginally noted communications between the Mysore Govt & the Residency in the matter and to request

over

No. PR no. 257 dt 31.8.28 to the Residency
No. 8972 dt 22.9.28 from
43-1917
PR 483 dt 11.10.28 to
No. 4574 dt 22.5.29 from
43-1917

List of enclosures.....

Copied by PR 9/5

Examined by.....

you to be so good as to favour
Govt. with your remarks on the
modifications ... in the
latest letter of the Residency.

2. An early reply is requ

I have etc.

A.G. 25/5/28

for H: Secy

I. T. 68]

In reply refer to
No....C.127/28-29.
Enc.....

OFFICE OF THE COMMISSIONER OF INCOME-TAX
IN MYSORE,
*Bangalore*,.....8th June.....19 29.

FROM

S. P. Rajagopalachari, Esq., B.A., B.L.,
~~The~~ *Commissioner of Income-tax in Mysore.*
Bangalore.

C. 92

To

B. Srinivasa Iyengar, Esq., B.A., B.L.,
Secretary to the Government
of His Highness the Maharaja of Mysore,
Financial Department,
Bangalore.

Sir,

Subject:--Relief from double incometax in respect of dividends and incomes from professions and vocations.

Reference:--Financial Secretary's letter No. Fl. 8843/I.T. of 28th May 1929 forwarding copies of correspondence between the Mysore Government and the Residency and calling for Commissioner's remarks on the modification suggested by the Government of India in regard to income from professions and vocations.

====

With reference to the above, I have the honour to state that the Government of India seem to be anxious to provide that income from profession or vocation will not escape taxation in both British India and Mysore by virtue of its being below the taxable minimum in the place of its accrual or by virtue of its having been received in the place of accrual itself. There can be no reason for any such apprehension as in the first place our proposal for reciprocity is meant only to give relief from double taxation and certainly does not estop the Government within whose jurisdiction it is received from levying tax if the income from professions or vocations is not taxed in the place of its accrual In the second place, income from professions or vocations is - taxable under section 11(3) in British India even if it actually accrued and was received in Mysore and vice versa. However, as the

the modifications suggested are in accordance with our intention and as they only clarify the position, they may be accepted.

I have the honour to be,

Sir,

Your most obedient servant,

Commissioner of Income-tax.

WP

Draft for approval.

Pol. 85 closed
16.7.1929.

To

The Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

Sir,

Subject:-
Relief from double Income Tax in respect of dividends and incomes from Professions and Vocations.

I am directed to acknowledge receipt of your letter No.4514 dated 22nd May 1929, communicating the views of the Government of India on the above subject, and to state that the Government of Mysore are ~~gratified~~ glad to learn that their proposals are accepted by the Government of India, subject to two modifications in respect of income from the the practice of professions or vocations, viz., (1) that the income earned in Mysore by a resident in British India shall not be charged to tax in British India when it has already been, or will be, charged to tax in Mysore and (2) that in cases where such professional earnings have been or will be taxed in Mysore they shall be taken into account for the calculation of ~~the~~ "total income" in British India, whether received in British India or ~~in~~ Mysore, the converse also holding good.

I am to state that the Government of Mysore accept these modifications and they will be glad if the ~~reciprocal~~ arrangement is brought into effect early.

I have etc.,

Finl. Secretary to Govt.

---

No. H. 452 & 1/7

copy to the Comr. with reference to his letter no. C 127/28-29 dt. 8.6.29

All communications should be addressed to the Secretary to the Resident in Mysore Bangalore, by designation and not by name.

D.1917
JT 55.24-47

No. 9417 Enc. /
43/1917.

FINANCIAL SECRETARY
8 NOV. 1929
No.

Pol 659

From

Major G. Loch,
SECRETARY TO THE RESIDENT IN MYSORE,

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

*Dated Bangalore,* 7th November *1929*.

**Subject.**

Relief from double income-tax in respect of dividends and incomes from professions and vocations.

Sir,

I am directed to refer to the correspondence ending with your letter No.Pol.85, dated the 16th July, 1929, regarding relief from double income-tax in respect of dividends and incomes from professions and vocations, and to forward, for the information of the Government of Mysore, a copy of a Memorandum C.No.986-I.T./28, dated the 12th September, 1929, issued by the Central Board of Revenue, on the subject.

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE RESIDENT.
AVR

RR 7/11/29

ASB

C.No.986-I.T/29

CENTRAL BOARD OF REVENUE.

Simla, the 12th September 1929.

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MEMORANDUM.

Double Income-tax relief - Mysore and British India - Dividends - Income from professions and vocations.

---

Commissioners of Income-tax are informed that the Mysore Durbar has entered into an arrangement with the Government of India for the grant of relief from double income-tax of incomes taxed both in British India and the Mysore State in respect of dividends and income from professions and vocations. Such relief should be given effect to from the current year i.e. in respect of assessments made last year.

2. As regards dividends, the Government within whose jurisdiction tax is charged on the profits out of which a dividend is paid, will retain the tax on the part of those profits represented by the dividend and will allow such refund on the dividend as may be due under the provision of its income-tax law, corresponding to section 48 of the Indian Income-tax Act, while the Government in whose jurisdiction the dividend is received will include it in the "total income" of the assessee concerned for the purpose of fixing the rate of and the liability to tax, but will waive its claim to levy tax in respect of the dividend.

3. As regards income derived from the practice of a profession or vocation, the Government within whose jurisdiction it arises or accrues will tax it, while the Government in whose jurisdiction it is received will include it in the "total income" of the assessee for the purpose of determining liability to, and the rate of, tax provided that -

(i) the income earned in Mysore by a resident in British India or in British India by a resident in Mysore shall

shall be charged to tax in British India or Mysore, as the case may be, if it has not already been, or will not be, charged to tax in Mysore or British India;

(ii) in cases where such professional earnings have been, or will be, taxed in Mysore or in British India, they shall be taken into account for the calculation of "total income" in British India or Mysore, whether received in British India or Mysore. The object of proviso (I) is to tax in British India incomes which fall below the taxable limit in Mysore, and of proviso (II) to include in the total income (i.e. to fix the rate of tax) incomes which may be received in Mysore in the first instance and may be brought subsequently into British India, and vice versa.

Sd/- V.S.Sundaram.

Secretary, Central Board of Re

To

All Commissioners of Income-tax.

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" C O P Y "

REGISTRAR, RESIDENT'S OFFICE.

ASB

Appendix F G—1

SUBJECT.....

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Section 9T

File No. 53-24

Serial No.

No. H 4088/C 1

*Diary No. of letter replied to*.....

General and Revenue Secretariat

( )

*the* *192*

Date of issue 10.12.29

Signed by M.A.N.R

To

The Commissioner of Income Tax in Mysore

Sir,

With reference to the correspondence ending with your letter no. C 127/28-29 dt the 8th June 1929 regarding relief from double income-tax in respect of dividends & incomes from professions & vocations, I am directed to forward a copy of a memorandum C No. 986-9.T, 28 of the 12th Sept 1929,

over

List of enclosures.....

Copied by..... (Note that an appeal with the O.J. has now been concluded and 3 copies to be typed)

Examined by.....

issued by the Central Board of Revenue
on the subject and to request you to
be so good as to submit for the
information of Govt. the draft of
circular issued for enclosing a circular to all
assessing officers in Mysore.

2. The draft to be issued may
kindly be submitted for the infor-
mation of Govt.

3. I am also to invite reference
to the marginally noted communica-
tions in regard to the assessment
on Sir Chimanlal Setalvad &
Mr. Dalal's income in Mysore
on account of the fees received from
the Govt. in connection with the
Cauvery Arbitration and to
request you to take suitable
action in the light of the memorandum
of the 12th Sept 1929 referred to above.

Hope may have the Tax on the fees received by them and claim exemption from British Income Tax which will be followed. Have etc

2/12/29

Ad 30/11/29 JL: Secy to Govt

W
MR
29/11/29

Jl 795/B.T 8-29-8 B
31.7.29
Jl C.21/B.T 8-29-4 B
17.10.29.

F/ T. 67]

D. No. 2693/29

No. C. 127 78-29

Enc. one circular.

FINANCIAL SECRETARY
26 DEC. 1929

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,

Bangalore, 23rd December 1929.
25-hi.

FROM

S. P. RAJAGOPALACHARI, ESQ., B.A., B.L.,
*Commissioner of Income-tax in Mysore.*

TO

Rajaseva Parayana
B. Srinivasa Iyengar, Esq., B.A., B.L.,
Secretary to the Government
of His Highness the Maharaja of Mysore,
Financial Department, Bangalore.

Sir,

As desired in your letter No. Fl. 4088 dated 10th December 1929, I have the honour to forward herewith, for the approval of Government, a draft of the Circular proposed to be issued by me in the matter of granting relief from double incometax in respect of dividends and income from professions and vocations as agreed to by the Government of India and communicated in their No. C. 986-I.T./28 dated the 12th September 1929.

I have the honour to be,
Sir,
Your most obedient servant,

SPRajagopal

Commissioner of Income-tax.

OFFICE OF THE COMMISSIONER OF INCOMETAX IN MYSORE,

Bangalore, dated 19...

R. Dis. No. of 1929-30.

CIRCULAR NO.

An arrangement has been entered into with the Government of India for the grant of relief from double Incometax - of incomes taxed both in Mysore and British India in respect of dividends and income from professions and vocations. Relief, in accordance with this arrangement, should be given effect to from the current official year (in respect of assessments made last year). The arrangement is as follows:-

(1). As regards dividends, the Government within whose jurisdiction tax is charged on the profits out of which a dividend is paid, will retain the tax on the part of those profits represented by the dividend and will allow such refund on the dividend as may be due under the provision of its income-tax law, corresponding to Section 48 of the Indian Income-tax Act, while the Government in whose jurisdiction the dividend is - received will include it in the "total income" of the assessee concerned for the purpose of fixing the rate of and the - liability to tax, but will waive its claim to levy tax in - respect of the dividend.

(2). As regards income derived from the practice of a profession or vocation, the Government within whose jurisdiction it arises or accrues will tax it, while the Government in whose jurisdiction it is received will include it in the "total income" of the assessee for the purpose of determining liability to, and the rate of, tax provided that--

(i) the income earned in Mysore by a resident in British India or in British India by a resident in Mysore shall be charged to tax in British India or Mysore, as the case may be, if it has not already been, or will not be, charged to tax in Mysore or British India;

(ii) in cases where such professional earnings have been, or will be, taxed in Mysore or in British India, they shall be taken into account for the calculation of "total income" in British India or Mysore, whether <u>received</u> in British India or Mysore. The object of proviso (I) is to tax in British India incomes which falls below the taxable limit in Mysore, and of proviso (II) to include in the total income (i.e., to fix the rate of tax) incomes which may be received in Mysore in the first instance and may be brought subsequently into British India, and vice versa.

Commissioner of Incometax.

To all Incometax Officers.

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"Copy"

G. Rudrappa

For Commissioner of Incometax.

Appendix F G—1

SUBJECT.....

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*Diary No. of letter replied to*.....

Section 9T

File No. 53-24

Serial No.

No. R 4793 D 15-1-30

General and Revenue Secretariat

( )

*the* *192*

To

The Commissioner of Income Tax

Date of issue 15-1-30

Sir,

Signed by Mr. A. N. Saparamadu

I am directed to convey approval of Govt. to the issue of the circular in regard to relief from double ~~taxat~~ income tax in respect of dividends & income from professions & vocations received with your letter no. C 127 & 25. 12. 29.

I have etc

2/1/30

Sd: Secy to Govt

List of enclosures.....

Copied by.....

Examined by.....

*over*